

GBBCC Testimony SB479 .pdf

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**GREATER BALTIMORE BLACK CHAMBER OF COMMERCE
(GBBCC)**

RE: **TESTIMONY IN SUPPORT TO SB479**

Good Afternoon Committee Chair Griffith and Vice-Chair Klausmeier,

I am Kendrick Tilghman, president of the GBBCC. On behalf of the members of The Greater Baltimore Black Chamber of Commerce I would like to raise my voice in support of SB479. The GBBCC is a membership organization of minority businesses mainly from Baltimore City and County, in addition to Anne Arundel, Carroll, Harford and Howard Counties. Upon review of Senate Bill 479 our board voted unanimously to support this legislation and encourage our members to do so as well. The most common response from our members is that this legislation puts teeth into the MBE\WBE program. They also feel that it makes the program more accountable and transparent to the business that they are charged to serve. Some of our members have participated in the many surveys and disparity studies that the current MBE/WBE program has presented. They take time to respond to the questions and give details of their experiences, only to find no change in the program that shows measurable progress. One comment made by a board member was ***“This bill contains everything I recall from my interviews with MBE's over the years AND SOME”***. Many of our members find the current process is very arduous and feel that its designed to keep you out, where SB479 seems designed to include you in. Our members feel the bill has

remedies in place addressing important socio economic factors that influence Economic Empowerment in the Minority Business Community -- including mentoring minority business enterprises, training and a Financial Fund to support training and development of small and minority businesses. There is no doubt that this legislation will be a much needed game changer for MBE&WBE participation in the State of Maryland's procurement system.

Thank you Senator Sydnor for submitting this legislation, as we ask committee members to report favorable on SB479.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kendrick Tilghman', with a long horizontal line extending to the right.

Kendrick Tilghman

President

Greater Baltimore Black Chamber of Commerce

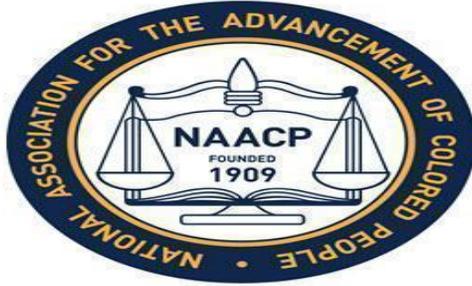
1325 Bedford Avenue, Suite 5941

Pikesville, Maryland 21208

SB0479.pdf

Uploaded by: Ryan Coleman

Position: FAV



Randallstown

P.O. Box 731 Randallstown, MD 21133

March 6, 2023
Immediate Release

Contact: Ryan Coleman, President
randallstownnaacp@gmail.com

Randallstown NAACP supports SB 0479, Department of Small, Minority, and Women Business Enterprises-Establishment and Duties.

Randallstown MD-The State of Maryland must get serious about supporting minority and women owned businesses. This bill starts down the path of ensuring a successful program. The Randallstown NAACP supports a favorable vote on SB 0479.

SB479_SponsorTestimony

Uploaded by: Senator Sydnor

Position: FAV

CHARLES E. SYDNOR III, ESQ.
Legislative District 44
Baltimore County



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Judicial Proceedings Committee

Executive Nominations Committee

Joint Committees

Administrative, Executive, and
Legislative Review

Children, Youth, and Families

Senate Chair
Legislative Ethics

Chair

Baltimore County Senate Delegation

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony Regarding SB 479
Department of Small, Minority and Women
Business Enterprises – Establishment and Duties
Before the Finance Committee
March 7, 2023**

*“The opportunity for full participation in our free enterprise system by socially and economically disadvantaged persons is essential if we are to obtain social and economic justice for such persons and improve the functioning of our national economy. **Executive Order 11625--Prescribing additional arrangements for developing and coordinating a national program for minority business enterprise**”¹*

Good afternoon Chair Griffith, and Committee Members,

The purpose of Senate Bill 479 is to make real in Maryland the national goals that were established by President Nixon’s Executive Order 11625. In 1978 Maryland was the first State in the nation see the possibilities of the federal minority business enterprise program and passed its first Minority Business Enterprise Program (“MBE”). The 1978 MBE program set a 10% goal and included education, general services, University of Maryland, Interagency Committee on Public School Construction and Maryland Department of Transportation (“MDOT”) construction contracts over \$100,000. The goal of SB 479 is to bring into existence the vision of many in the General Assembly and in Maryland that after nearly 50 years we have an agency whose mandate is to ensure economic justice and opportunity for entrepreneurs.

¹ The provisions of Executive Order 11625 of Oct. 13, 1971, appear at 36 FR 19967, 3 CFR, 1971-1975 Comp., p. 616, unless otherwise noted.

When I was first elected to the House of Delegates, one of the issues I sought to address was the lack of minorities or disadvantaged Marylanders with State contracts. I held an MBE certification workshop with Baltimore County Government, Baltimore County Public Schools and the Governor's Office of Small, Minority, and Women Business Affairs ("GOSBA") all making presentations although attendance was low. I later talked with associates who managed MBE programs and was told that certification was one thing and obtaining a State contract was quite another.

I looked for MBE oversight studies last year as I contemplated this legislation and found out that Maryland's Minority Business Enterprise Program had been evaluated by our Department of Legislative Services ("DLS"), Office of Program Evaluation and Government Accountability ("OPEGA"), and that it issued a report in January 2022.² I encourage each of you to read and reflect on its findings and recommendations. The report analyzed MBE payment data from more than 3,000 completed State contracts as of June 2020, and survey responses from more than 2,700 MBE and non-MBE vendors. The study team also interviewed senior staff from the Governor's Office of Small, Minority, and Women Business Affairs, the Maryland Department of Transportation, the Department of General Services, and the Board of Public Works.

Senate Bill 479 is an actionable response to the findings and recommendations detailed in the OPEGA study and is in part a reaction to that study..³ Senate Bill 479 creates a cabinet level department because it has far more authority by which to conduct its mandate. The Department can be held accountable for equity, funding, and economic justice that has been decades in the making.

² Evaluation of the Minority Business Enterprise Program, Department of Legislative Services, Office of Program Evaluation and Government Accountability, Annapolis, Maryland, January 2022

³ Id. Pg. xii-xiii: Select Department of Legislative Services recommendations (1) require the GOSBA to publish a summary of contract compliance assessments; (2) require GOSBA to publish a list of prime contractors that repeatedly are at fault for failing to fulfill contractual MBE obligations; (3) prime contractor past performance regarding MBE payments should be a factor in determining eligibility for future awards; (4) codify the executive order that generally requires procurements between \$50,000 and \$500,000 be set aside for small businesses; (5) create an MBE Ombudsman within GOSBA to advocate on behalf of MBEs in disputes with prime contractors; (6) require GOSBA to establish statewide MBE goals by industry type; (7) consider breaking up large contracts into smaller components to expand bidding opportunities for MBEs; (8) study the value of merging the MBE and Small Business Reserve programs; and (9) give agencies expanded authority to withhold payments to prime contractors who have not paid subcontractors timely

In Section 9-303.4 Senate Bill 479 establishes a **State Board of Contract Preference Appeals** which will consist of six full-time state compensated members appointed by the Secretary. Appeals would be heard by a panel of no more than three designated board members by the chair. The Board would have jurisdiction to hear and decide all appeals.

In Section 9-303.5 Senate Bill 479 establishes a **Development Office** in the Department which would conduct outreach and training, manage the mentorship program, collect and analyze contractor performance data, advise the Secretary on strategy and implementation of programs, and make recommendations to the Secretary on methods to increase participation in the preference programs. The Development office would also manage the mentorship program, which would identify minority-owned and small businesses with the skill and abilities to become successful contractors and subcontractors with the state. Additionally, the Development Office would have the responsibility to recommend whether contracts should be divided into smaller components to expand bidding opportunities, and whether a mentorship requirement for a prime contractor should be part of the State contract agreement.

In Section 9-303.6 Senate Bill 479 establishes a small and minority business development fund. The purpose of the program is to help develop, redevelop, or expand small and minority businesses by providing financial assistance to small and minority businesses that have been previously rejected by another lender on at least two occasions; stimulate investment by the private sector; invest in revitalization projects; and stimulate political subdivisions to participate in developing and expanding small and minority businesses. Financial assistance under the program may be provided as a grant, or a loan.

In Section 9-304 Senate Bill 479, the secretary would employ and assign minority business enterprise liaisons to each department of the executive branch of state government to ensure compliance with the requirements established by the department for each state agency.

In summary, Senate Bill 479 does four critical things: (1) establishes a State Board of Contract Preference Appeals, (2) Establishes a Development Office, (3) Creates a small and minority business development fund, and (4) Adds a requirement that prime contractors, as part of their State contract agreement, mentor their MBE subcontractors.

For these reasons, I ask you to vote favorably in support of SB 479.

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Position: INFO



**GOVERNOR'S OFFICE OF
SMALL, MINORITY & WOMEN
BUSINESS AFFAIRS**

Governor Wes Moore

Lt. Governor Aruna Miller

DATE: March 7, 2023

BILL NUMBER: SB 479

COMMITTEE: Senate Finance Committee

BILL TITLE: Department of Small, Minority, and Women Business Enterprises - Establishment and Duties

GOSBA POSITION: **Letter of Information**

The Governor's Office of Small, Minority and Women Business Affairs thanks the Committee for the opportunity to provide written testimony for Senate Bill 479 (SB 479). SB 479 renames this office to become the Maryland Department of Small, Minority, and Women Business Enterprises. Additionally, the bill establishes the Department as a principal department of the Executive Branch of State government and transfers certain authority relating to procurement preference programs to the Department. Lastly, SB 479 provides that the head of the Department is the Secretary of the Department of Small, Minority, and Women Business Enterprises.

Currently, The Governor's Office of Small, Minority and Women Business Affairs is a coordinating office within the Executive Branch of State government with 12 full-time positions. The office has designated oversight, reporting, and outreach responsibilities related to the State's three socioeconomic procurement programs: Small Business Reserve (SBR), Minority Business Enterprise (MBE) and Veteran-Owned Small Business Enterprise (VSBE). These duties span the 70 agencies and departments mandated to participate in the SBR, MBE and VSBE programs.

Many, but not all, of the provisions in SB 479 were referenced in January 2022 by the Department of Legislative Services, "Evaluation of the Minority Business Enterprise Program," which was conducted by the Office of Program Evaluation and Government Accountability (OPEGA). The Governor's Office of Small, Minority and Women Business Affairs provided a written response along with Department of General Services, the Office of State Procurement, and the Maryland Department of Transportation (MDOT). As legislative-mandated, we provided an update on the recommendations on October 24, 2022. Many of the issues have been resolved by legislative action as a result of HB 389, Chapter 155, of the 2022 Maryland General Assembly.

The restructuring proposed in SB 479 raises the following concerns:

- The total cost, which cannot be calculated at this time, would be in the tens of millions of dollars (personnel, office space, equipment, furniture, agency rebranding, startup costs for a Contract Appeals Commission, Development Office and Development Fund, etc.)
- Increasing the Personal Net Worth to \$6.5 million is a level that exceeds any perception of an individual's economic disadvantage
- Co-mingling oversight of the MBE Program with MBE certification will create a duplicative process for minority owned businesses that want to seek both state and federal certifications and require the new Department to establish MBE certification processes and an online directory similar to those currently in place with the Office of Minority Business Enterprise, the State's official certification unit
- Significantly disrupts procurement practices and policies with regard to MBE and VSBE goalsetting and administration of the Small Business Preference Program

- Significantly disrupts existing statewide personnel assignments and related salaries by eliminating liaison positions and associated duties at the agency level
- Eliminates the current access channels to MBE and VSBE legislatively mandated data that is reported by agency liaisons to the Governor's Office of Small, Minority & Women Business Affairs which in turn reports it to the governor, the legislature and the public at large
- Potentially decreases interest in contracting with the State of Maryland by adding a mandatory requirement that all prime contractors must perform as mentors to MBE and VSBE subcontractors without offering an incentive (as in federal contracting); would also add to compliance duties at the purchasing agencies to monitor the mentors

GOSBA respectfully submits this Letter of Information for SB 479.

Sincerely,

Davon K. Gardner
Director, Policy & Legislative Affairs
Governor's Office of Small, Minority & Women Business Affairs
DavonK.Gardner@Maryland.gov
667-644-1358

BaltimoreCounty_INFO_SB0479.pdf

Uploaded by: Joshua Greenberg

Position: INFO



JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

JOSHUA M. GREENBERG
Associate Director of Government Affairs

BILL NO.: SB 479

TITLE: Department of Small, Minority, and Women Business Enterprises - Establishment and Duties

SPONSOR: Senator Sydnor

COMMITTEE: Finance

POSITION: Letter of Information

DATE: March 7, 2023

Baltimore County **offers this Letter of Information regarding** Senate Bill 479 – Department of Small, Minority, and Women Business Enterprises - Establishment and Duties. This legislation would establish the Department of Small, Minority, and Women Business Enterprises.

The Baltimore County Minority and Women-Owned Business Enterprise (MWBE) program has grown tremendously in recent years. As of FY22, 22% of the County’s discretionary funding was allocated to minority and women-owned businesses. While the County does not have a certification program of its own, it participates in the acceptance of minority and women-owned business (MWB) certifications from both the City of Baltimore and State of Maryland. County staff work tirelessly every day to ensure minority and women-owned businesses receive fair and equitable opportunities to, and while conducting business with the County. The County’s efforts include a range of best practices such as outreach, training and promotion of business opportunities, setting MWB sub-contractor participation goals, providing mobilization assistance, and compliance monitoring. By FY28, the County expects to have 30% of discretionary funding allocated to minority and women-own businesses. The proposed mentor program would greatly assist in our meeting this goal.

The advancement of the minority and women-owned business community strengthens and supports economic vitality throughout the State. The proposed mentor program included within SB479 would enhance the pipeline for minority and women-owned businesses to successfully compete at the prime level.

While we support the goals of this bill, we believe these goals may be advanced by adding staff and resources to the existing Office of SMWBE. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

SB0479 - Department of Small, Minority, and Women

Uploaded by: Patricia Westervelt

Position: INFO

March 7, 2023

The Honorable Melony Griffith
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis MD 21401

RE: Letter of Information – Senate Bill 479 –Department of Small, Minority, and Women Business Enterprises - Establishment and Duties

Dear Chair Griffith and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 479 but offers the following information for the Committee’s consideration.

MDOT’s Office of Minority Business Enterprise (OMBE) is designated by the Board of Public Works as the certifying agency for the State’s Minority Business Enterprise (MBE) Program. As the recipient of federal funds, MDOT is also required to implement the federal certification programs (i.e., the Disadvantage Business Enterprise (DBE), Airport Concessions Disadvantage Business Enterprise (ACDBE), and the Small Business Enterprise (SBE) programs).

Senate Bill 479 replaces OMBE as the certifying agency but reassigns only one of its functions – MBE Program certification – to the Governor’s Office of Small, Minority & Women Business Affairs (GOSBA). Removal of State MBE Program certification from MDOT does not contemplate the significant overlap between MBE and DBE certification applications. There are approximately 8,800 certified firms in the Directory of which approximately 7,800 firms hold both State and federal certifications concurrently.

State and federal program certifications were combined under one agency to simplify the process for business owners. Notably, due to MDOT’s obligations as a recipient of United States Department of Transportation funds, responsibility for certifying firms for the federal programs cannot be removed from MDOT’s purview. If passed, Senate Bill 479 has the potential to make certification more burdensome to minority businesses owners, who overwhelmingly seek certification in both the State and federal programs; because both programs follow similar processes and annual reporting requirements, minority business owners will need to duplicate efforts to obtain and maintain their State and federal certifications.

Senate Bill 479 would require OMBE to manage the communication efforts to thousands of currently certified firms on the rollout of a new MBE certification process. This would also require the removal of the State MBE designation for each of the NAICS codes in which a firm currently holds certification in the certification management system database. Additionally, OMBE would be tasked with the transfer of all paper and digital records to GOSBA. Updates to OMBE’s website, training materials and promotional materials would also be necessary. Lastly,

The Honorable Melony Griffith
Page Two

this effort would require coordination with MDOT's third-party vendor who manages the certification management system database to update internal processing specifically related to MBE regulations. OMBE would have to update all correspondences and have the vendor reconfigure the application portals and instructions in the certification management system.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating Senate Bill 479.

Respectfully submitted,

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090